

**Iowa Telecommunications & Technology Commission
Meeting
Grimes State Office Building, 1st Floor
Des Moines**

FINAL

March 20, 2008

Commissioners Present

Betsy Brandsgard, Chairperson (by video)
Robert R. Hardman, Member (by video)
Pamela A. Duffy, Member (arrived at 9:25 a.m.)
Michael W. Mahaffey, Member (by video)
David A. Vaudt, Ex-Officio Member (arrived at 9:13 a.m.)

Commissioners Absent

Timothy L. Lapointe, Member

Iowa Communications Network Staff Present

John Gillispie, Executive Director
Joseph Cassis, Deputy Director
Dave Marley, Operations Administrator
Dave Lingren, Service Delivery Administrator
Kevin Heinzeroth, Finance Administrator
Tami Fujinaka, Government Relations Manager
Gail McMahon, Public Relations Manager
Diane Van Zante, Secretary (Recorder)
Adrienne Vesey, Intern

Guests

Kyle Holmgren, Qwest
Sheila Davis, RITA
Deborah Helsen, LSA

Call to Order

Ms. Brandsgard called the meeting to order at 9:02 a.m. Commissioners congratulated Dr. Hardman on being reappointed to the ITTC.

NOTE: The Commission did not have a quorum at the beginning of the meeting. Agenda items were reordered; all items requiring action were postponed until a quorum of members was indeed present.

Approval of Minutes

Commissioners Duffy and Mahaffey moved approval of the January 31, 2008 and February 20, 2008 meeting minutes. A roll call vote was taken, approving the minutes, as written.

Commissioner Hardman - Yes
Commissioner Mahaffey – Yes

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Approved at the May 15, 2008 ITTC Meeting

Commissioner Duffy - Yes
Commissioner Brandsgard - Yes

Old Business

None.

New Business

Legislative Update – John Gillispie/Mark Johnson.

A small change has been submitted to House File 2595, which is the ICN's proposal to give the Commission decision-making authority for Part III sites, based on competition and cost. It is difficult to predict what the outcome will be, although legislators seem to believe some change is warranted. Mark Johnson has prepared a document to address legislators' concerns.

There were additions put into the health care bill by the Iowa Hospital Association (IHA) that will more than likely be amended. They have added a commission for health care that Director Gillispie would sit on. The fundamentals of the bill essentially make IHA an authorized user (hospitals are already authorized users). There was clarifying language submitted that would make it more apparent what the Commission is expected to do and what the result will be. There is controversy about that language as well. Right now, these are the two bills that are active; we are not aware of any other bills that are in play relative to the Commission directly.

Our two budget items, replacement equipment and capitol complex redundancy, both still seem to be in play and on track.

Strategic Plan Update – Joseph Cassis.

Strategic planning efforts are progressing in the following areas:

- 1) Capitol Complex Redundancy
- 2) Communications
- 3) Outsourcing Long Distance Services
- 4) Ethernet Deployment
- 5) Integration of Customer Databases

All projects are on track.

In December, we were notified that Distance Learning Magazine had chosen to spotlight the ICN. An article was prepared and submitted which should be on the newsstands any day.

The Iowa Distance Learning Association is meeting on April 18. Each year, they bestow an innovators award. Gail McMahon nominated the ICN and believes that the nomination will receive favorable consideration.

Review FY08 ICN Budget-to-Actual Financials – Kevin Heinzeroth.

Budget to actual financials were presented for the month ending February 29, 2008. Video hours continued to decrease resulting in lower revenues, partially due to lower revenues for Universal Service Fund eligible services.

For the year, the ICN is pretty much on target with its original projection. In February, net cash from operations was \$485,000; the ICN only spent \$50,000, leaving net cash from operations and equipment growth of \$435,000. Year to date, including the \$2 million appropriation, net cash from operations is \$3.6 million, net equipment purchases are \$2.4 million. Overall, we are on budget with what was projected and look to complete the year in the same manner.

The FY09 budget is being reforecast and revised; the ICN will likely make adjustments in video services and installation revenues, but does not plan to make big changes to its previous projection.

Commissioner Mahaffey noted that ICN classrooms continue to close across Iowa. Should the ITTC be concerned? Director Gillispie explained that users are choosing a different technology for distance based learning. Streaming video and IP video are the service of choice. Classrooms are going to close; the bottom line is that the ICN needs to make products available that meet its customers' requirements.

Administrative Rules Update – Tami Fujinaka.

The proposed administrative rule changes are moving through the process. The rules were noticed in the Administrative Bulletin on February 27, followed by a public hearing on March 19. No one was in attendance for the hearing. An important component of the rules process is that it is open to the public to allow for comments. The ITTC will need to approve the proposed changes one more time, likely at the April meeting.

FCC Rural Healthcare Pilot Projects – Dave Lingren.

NOTE: Commissioner Duffy stepped out of the room during discussion of this item to avoid any potential conflict of interest.

The Federal Communications Commission awarded money to the Iowa Hospital Association (IHA) to link health care providers across the state of Iowa. The ICN is working with the Iowa Hospital Association, providing assistance where possible. Requests for proposal should be sent to fiber contractors next week, with awards anticipated in the May timeframe.

Action on Certified User Waiver Requests – Dave Lingren.

Staff reviewed all 18 waiver requests and substantiated the cost savings; the ICN recommends approval of all of these waiver requests. There are 7 waivers for data/Internet services and 11 for voice services with one being of particular note, the Board of Regents.

Commissioner Hardman made a motion to approve the waiver requests as a block.
Commissioner Duffy seconded the motion.

The ICN has been working together with the Board of Regents to seek a volume discount for long distance services. The ICN was able to get lower rates and pass those rates on to its customers because of volume discount pricing it secured as a result of collaborating with the Regents. The Board of Regents is able to negotiate this rate with or without the ICN, so seeks approval to pay the base rate without the ICN's added fee.

The ICN recommends approval of the following:

1. Graceland University, Lamoni, Iowa – extension of waiver for supplemental connection

to Independence, Missouri campus through AT & T.

2. Graceland University, Lamoni, Iowa – renewal of waiver for a redundant Internet feed.
3. Briar Cliff University, Sioux City, Iowa – waiver for ICN data services.
4. Briar Cliff University, Sioux City, Iowa – waiver for ICN voice services.
5. Heartland Area Education Agency, Johnston, Iowa – waiver for ICN Internet services.
6. Luther College, Decorah, Iowa – waiver for ICN Internet services.
7. Indian Hills Community College, Ottumwa, Iowa – waiver for ICN Internet services.
8. Mississippi Bend Area Education Agency, Bettendorf, Iowa – waiver for ICN voice and Internet services.
9. Drake University, Des Moines, Iowa - waiver for ICN Internet services.
10. Drake University, Des Moines, Iowa – waiver for ICN long distance services.
11. Iowa Association of Independent Colleges and Universities on behalf of Central College, Grinnell College, Morningside College, St. Ambrose College, Luther College, Simpson College - waiver for ICN voice services.
12. Upper Iowa University, Fayette, Iowa - waiver for ICN voice services.
13. Grant Wood Area Education Agency, Cedar Rapids, Iowa - waiver for ICN voice services (calling cards).
14. Iowa Western Community College, Council Bluffs, Iowa - waiver for ICN voice services (frame relay circuit going to the Clarinda campus).
15. University of Dubuque, Dubuque, Iowa - waiver for ICN voice services
16. Hawkeye Community College, Waterloo, Iowa – waiver for ICN long distance services.
17. Coe College, Cedar Rapids, Iowa - waiver for ICN voice services.
18. State Board of Regents - waiver for ICN voice services.

A roll call vote was taken as follows, approving the waiver requests:

Commissioner Hardman - Yes
Commissioner Mahaffey – Yes
Commissioner Duffy - Yes
Commissioner Brandsgard – Yes

Action on Internet/Ethernet Pricing – Dave Lingren.

Commissioner Duffy moved that the ITTC go into closed session for the purpose of discussing prospective non-video rate setting. The ICN and ITTC consider prospective non-video rates to be trade secrets. Under Iowa Code 22.7(3), trade secrets are confidential records. Iowa Code 21.5(1)a permits a government body to go into closed session to review or discuss confidential records. Commissioner Mahaffey seconded the motion. A roll call vote was taken and passed, as follows:

Commissioner Hardman - Yes
Commissioner Mahaffey – Yes
Commissioner Duffy - Yes
Commissioner Brandsgard – Yes

The Chair asked for a motion to adjourn the open meeting to go into closed session. Commissioner Duffy moved adjournment of the open session. Commissioner Hardman seconded the motion. A roll call vote was taken and passed, as follows:

Commissioner Hardman - Yes
Commissioner Mahaffey – Yes
Commissioner Duffy - Yes
Commissioner Brandsgard – Yes

The open meeting adjourned at 9:42 a.m. The meeting room was cleared.

Following the conclusion of the closed session, the Chair reconvened the public meeting at 10:28 a.m. Guests were invited to rejoin the meeting, however no one did so.

The Chair opened the floor to a motion. Commissioner Hardman moved approval of the Internet/Ethernet pricing proposals identified during the closed session. Commissioner Duffy seconded the motion. A roll call vote was taken, unanimously approving the new pricing.

Commissioner Hardman - Yes
Commissioner Mahaffey – Yes
Commissioner Duffy - Yes
Commissioner Brandsgard – Yes

Tami Fujinaka reminded Commissioners to destroy any confidential meeting materials.

Other Business

Formalize Agenda Items for the April 16 Telephonic Meeting –

1. Urgent topics and challenges outlined in the staff notes, especially problem areas and how they are being solved.
2. Legislative update
3. Planning updates on any projects

Adjournment

Commissioners Duffy and Hardman motioned to adjourn the meeting. There being no further business, the meeting adjourned at 10:30 a.m.